Opportunities for Improved Health Service Delivery
Healthcare Commission Ideas for Governor Freudenthal
June 29, 2005

Offer Health Risk Appraisals and a Wellness Program to All State Employees

1) What is the problem?

a) Employee healthcare costs are increasing for employers.[1]
b) Wyoming workers are aging (and will have higher age-related healthcare costs).[2] [3]
c) Prevention of illness, disease and disability are the greatest means of impacting healthcare cost increases without changing employee health benefits.[4] [5]
d) Medical care providers are not encouraged to reduce medical claims because prevention and wellness are not reimbursable.[6]
e) Plans don't invest in long-term wellness and health promotion because members don't stay with any given health plan long enough for the Plan to reap the benefits.
f) Employees are not rewarded for wellness and define health benefits as sick care rather than valuing health promotion benefits.[7]
g) Employer leadership and incentives are needed to significantly change employee behavior for better health and lower health costs.[8] [9]
h) Employers competing for educated workers are expected to provide health benefits and the private sector is increasingly lowering the amount of medical claim coverage while increasing wellness benefits.[10] [11] The state will be at a competitive disadvantage if it fails to act.

2) Describe your ideas.

a) Expand the state employee wellness program pilot from a potential 600 to 13,700+ Wyoming state employees.[12]
b) Provide all state employees with access to a health risk assessment (HRA) as well as a wellness program to use to manage the risks identified in the HRA.

3) Who are your partners?

a) Wyoming Department of Administration and Information Human Resources – A&I manages the state's health benefits options and could let out for bid and choose an HRA vendor and a wellness program with incentives for state employees.
b) Wyoming Employee Benefits oversight committee – The recently re-organized committee could have a role in encouraging state employees to take up health promotions and other cost-cutting opportunities.[13]
c) Wyoming Department of Health – The department has responsibility for public health and prevention programs.
d) Wyoming Health Fairs – A health risk appraisal and wellness program can be layered over the existing State of Wyoming relationship with Wyoming Health Fairs, so that health manuals, health risk appraisals and wellness seminars are tied to blood draws provided to all Wyoming employees.

4) Please provide supporting evidence and data for the proposal.

a) According to current population estimates, Wyoming's population in the 45-54 year age bracket (19.2%) is overrepresented compared to the national population (17.5%). The reverse is true for the 25-34 year age bracket (15.7%), where this group is underrepresented in Wyoming compared to the national average of 18.2 percent[14]. An aging population uses more health care resources.
b) Wyoming's high percentage of baby boomers may lead to higher than average uptake in the area of HRA acceptance and subsequent behavioral changes. Boomers have traditionally sought a higher level of self-control over areas of importance ranging from education to financial management – and it is anticipated, health care.
c) Research has shown the financial benefits to companies of comprehensive wellness programs. Wyoming coal companies – among the largest private employers in the state and typically self-

insured – are implementing wellness programs to reduce healthcare costs (e.g. Kennecott, owned by Rio Tinto). Most of Rio Tinto mine sites already have regular medical examinations for the workforce during which general health issues such as weight, blood pressure control and regular exercise are discussed. The company is benchmarking its performance in this area against a range of other leading companies.[15]

d) The 2003 Buck Report to the Wyoming Legislature on state employee health benefits recommended health promotion to maintain the good health of healthy employees and dependents and to encourage more healthful lifestyles and preventive regimens for other members. The report specifically cited the model now being piloted by the state, in which vendors collect and review health risk assessments and other data to appropriately target interventions such as dietary assistance, smoking cessation or stress management classes. Vendor performance can be tied to overall health improvement by establishing baseline costs and sharing in savings achieved. Unfortunately, good health alone is not always sufficient incentive for members. Some employers reward participation with lower premiums, extra health care spending account dollars, etc.[16]

e) The Wyoming A&I Be Well pilot launched in 2005 has an enrollment of 346 of a possible 600 state employees. Small cash incentives ("Cheyenne" bucks) are being offered. There are currently no lower premium or health care spending account options available at this time.[17]

5) Funding/Staffing needs.

a) No additional state staffing will be required, other than to administer a vendor offering an HRA/wellness program for all state employees.

b) Based upon 13,700 eligible state employees, the cost could range from $1.5 million to $2.25 million, depending on who is providing the program, employee participation and employee incentive amount. The cost should include rollout and administration, health risk behavior tracking, and employee incentives[18]. The return on that investment depends greatly on how the program is structured, what kinds of incentives are offered, and the nature of the vendor's contract.

6) Who is better off and how could you measure the improvement?

a) All state employees will be provided with the tools to improve their health, reduce healthcare claims and increase the likelihood they will avoid chronic illness, disease and disability.

b) Incentives will be provided to encourage participation in the HRA and accompanying incentivized wellness/health intervention program.

c) A measurable difference in the number of medical claims, high cost claims and overall health care costs should be visible in state government data.

d) A measurable difference in the number of employee absences for personal or family health reasons will be visible in state government.

e) The vendor selected by the state must be held accountable for incorporating measurable evaluation techniques into its contract. Independent evaluation by A&I may also be undertaken.

7) Could this proposal be included in the Children and Families Initiative?

a) The result should include improved health status for children and adults and better tenure as employees with fewer absences related to individual and family illnesses.

8) Potential drawbacks and political considerations.

a) The cost of implementing and offering HRAs and a wellness/health intervention program will be ongoing and will have to be funded by the state. Corresponding savings in costs may not accrue for a few years.

b) HRAs are most effective when combined with a more comprehensive Total Health Management program that works to identify and prevent individuals at risk from becoming high utilizers. This is being examined as a component of WyoCare, using WHIN data, but is not yet sufficiently fleshed out to warrant inclusion as a recommendation.

9) Alternative possibilities.

a) The state could restructure its benefit packages to provide a greater incentive for wellness activities. Some states are offering reduced premiums for employees who commit to certain health enhancing behaviors.

10) How does recommendation relate to other recommendations?

a) The HRA is an important tool for helping state employees with Health Savings Accounts (HSAs).

b) The use of clinical guidelines is an important tool for sharing with employees who complete an HRA and discover alternate mechanisms for managing a chronic condition.

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[1] Employer Health Benefits 2004 Annual Survey, Kaiser Family Foundation, www.kff.org
[2] Wyoming Department of Employment Research and Planning Division, 2002, "Wyoming's Workforce: Growing Older Faster?," http://doe.state.wy.us/lmi/1201/a2.htm
[3] Gov. Dave Freudenthal, State of the State Speech, 2003, www.stateline.org
[4] Work Shifts, "A Union Guide to Tobacco: Smoking and Healthcare Costs," www.workshifts.org
[5] HealthBiz: "Prevention Helps Bottom Line," UPI, www.washtimes.com/upi-breaking/20050111-063858-4457r.htm, 5/12/2005
[6] Managed Care Magazine, "More Plans Discover Value of Health Risk Assessments," October 2004, www.managedcaremag.com
[7] Wyoming Legislature Committee Meeting Summary of Proceedings Joint Labor, Health and Social Services Committee, Oct. 13-14, 2003, http://legisweb.state.wy.us
[8] National Federation of Independent Business, "Five Ways to Get More from Your Benefit Plan," 4/29/04, www.nfib.com/object/4269565.html
[9] Intracorp, "Health Risk Assessments: New Strategies for Promoting Proactive Health Care," March 2003 Business Health agenda meeting of the Washington Business Group on Health
[10] "Private Sector Employee Access to Health Insurance and the Potential WyoCare Market," Wyoming Department of Employment Research and Planning Division, February 2005
[11] Monster Salary Center, "Health Insurance Help for Your Small-Business Employer," 2005, http://content.salary.monstor.com/articles/health_insurance_small_biz/
[12] Be Well Wyoming, Executive Director Rick Fisher, April 2005, email
[13] Contact: Cindy Pomeroy, Department of Employment
[14] "Wyoming's Workforce: Growing Older Faster?," http://doe.state.wy.us/lmi/1201/a2.htm
[15] http://www.riotinto.com/community/occHealth.aspx
[16] http://legisweb.state.wy.us/2003/interim/lab/Subcommittees/EmpBenefits/WYReptFinal.pdf
[17] Copy of Be Well Wyoming state employee pilot proposal provided by Executive Director Rick Fisher, April 2005
[18] Rick Fisher, telephone interview, April 2005; Ralph Hayes, email, May 2005.